

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

September 11, 2008

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008) – via telephone
BETH PEARCE, REPRESENTING VT State Treasurer Jeb Spaulding
ROBERT HOOPER, VSEA member (term expiring September 2008)
KEVIN GAFFNEY, VSEA member (term expiring September 2009)
JAMES REARDON, Commissioner of Finance & Management
ROGER DUMAS, Vermont Retired State Employees' Assoc. (term expiring September, 2009)
DAVID HERLIHY, Commissioner of Human Resources
DICK JOHANNESSEN, Governor's Delegate, via telephone

Members absent:

None

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach
David Minot, Director of Investment Services
Brent Neese, Great West Retirement Services
Perry Christy, Great West Retirement Services, via telephone

The Chairperson, Warren Whitney, called the Thursday, September 11, 2008, meeting to order at 8:35 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Approve the minutes of:

- **August 14, 2008 meeting**

On motion of Mr. Dumas seconded by Mr. Johannesen, it was voted to approve the minutes of September 11, 2008, as submitted. Ms. Pearce abstained; all other voted aye.

ITEM 2: Discuss/Act on Disability Retirement Recommendations for:

- **Allan D. Bruce without review**
- **Joseph E. Dayton with one year review**

At 8:40 a.m. Mr. Johannesen made a motion, seconded by Mr. Gaffney, to enter into executive session, pursuant to Title 1 § 313 to discuss medical records.

Mrs. Webster were invited into the executive session.

At 8:45 a.m. the Board exited executive session.

On a motion by Mr. Dumas seconded by Mr. Hooper, the Board voted to approve the disability retirement for Allan D. Bruce as recommended by the Medical Review Board. Mr. Johannesen abstained; all others voted aye.

On a motion by Mr. Hooper seconded by Mr. Dumas, the board voted to approve the disability retirement for Joseph E. Dayton as recommended by the Medical Review Board. Mr. Johannesen abstained; all other voted aye.

ITEM 3: §457 Plan discussion on the following issues:

Reality Investment Options – Mr. Perry and Mr. Neese explained what Reality Investment Options are available through Great West to offer to participants of the plan. There are three levels available: Online Investment Guidance at no fee; Online Investment Advice with a flat dollar fee of \$25 per annum - \$6.25 per quarter; and Managed Account Service with asset-based fees. All fees would be paid by the individual participant(s) who elect to take advantage of one of the options. The Board was advised that the Teachers' Retirement Board had opted to include the Reality Investment Options in their new 403(b) Program.

On motion of Mr. Reardon seconded by Mr. Hooper, it was unanimously voted to allow participants in the Deferred Compensation 457 Plan to enroll/utilize the Reality Investment Options pursuant to the Preferred Pricing Fee Schedule as presented by Great West.

Great West indicated that new marketing materials would be developed and distributed to plan participants explaining the new Reality Investment Options.

Investment fund line-up – this issue was deferred until the next quarterly meeting that includes a 457 Plan review by Great West.

Contract extension – Mr. Perry and Mr. Neese advised the Board that they would be willing to lower their fees for administration of the 457 Plan if, in addition to the Reality Investment Options, the Board would be willing to seek an extension of their contract to include a five or seven year term in tandem with the Teachers' 403(b) Program. It was acknowledged that this would require a waiver from the Secretary of Administration, but the savings could amount to around \$135,800 over a five year period and \$393,400 over a seven year period. Great West also indicated that they would be willing to provide an immediate rebate of \$2.50 to the 457 Plan for each participant that contributed to both the 457 Plan and the 403(b) Program.

On motion of Mr. Reardon seconded by Mr. Hooper, it was unanimously voted, for economy of scale, to seek a waiver for a contract extension for a seven year period. If the waiver is not approved, a waiver for a five year contract will be requested. If both requests are denied by the Secretary of Administration, the Board will re-address the motion at the next board meeting.

ITEM 4: Any other business to be brought before the Board

There was no other business to be brought before the Board. **On a motion by Mr. Dumas seconded by Mr. Gaffney, the Board unanimously voted to adjourn at 11:05 a.m.**

Respectfully submitted,

Cynthia Webster, Secretary to the Board

Next Meeting Dates:

October 9, 2008 - Conference Call

October 29, 2008 – Business meeting to discuss results of Actuarial Valuation